

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF BIG BEAR RESORTS,)	
INC., SEEKING APPROVAL OF ITS PROPOSED)	CASE NO. 95-207
SCHEDULE OF RATES, RULES, AND REGULATIONS)	

O R D E R

On May 10, 1995, the Commission opened an investigation for the purpose of determining the reasonableness of initial rates proposed by Big Bear Resorts, Inc. ("Big Bear"). Big Bear is a private corporation which owns and operates a seasonal resort on Kentucky Lake in Marshall County, Kentucky, and which as a joint venture developed The Dens Condominiums ("The Dens"). Big Bear formerly operated a sewage treatment facility for its own use that treated approximately 12,000 gallons per day, but after completion of The Dens, Big Bear in the fall of 1992 constructed a new treatment facility capable of treating 35,000 gallons per day. Big Bear operates the sewage treatment facility for its own use and provides sewer services to The Dens for monthly fees.

When Big Bear began to provide sewer services to The Dens, it became a utility subject to the jurisdiction of the Public Service Commission ("Commission") pursuant to KRS 278.010. Although Big Bear had been charging The Dens monthly fees since 1992, it was not aware that it was subject to Commission jurisdiction. This matter

was settled in Case No. 95-172.¹ Big Bear filed its tariff, including the rates in question, with the Commission at that time.

On June 26, 1995, the Commission received documentation from Big Bear supporting its proposed initial rates. Big Bear estimated that 57 percent of its sewer services is used by The Dens, while Big Bear itself uses the remaining 43 percent. Based upon these percentages, Big Bear has calculated that its monthly operating expense to provide sewer services to The Dens is \$2,004.65.

Big Bear's proposed rate schedule consists of a flat monthly rate. Of the 23 condominiums at The Dens, 22 will be charged \$21.90 per month while one will be charged \$26.20 per month. Based on these rates, Big Bear projects monthly operating revenues of \$508.00. The Commission is concerned about the disparity between the monthly operating expenses and the monthly operating revenues, but realizes that Big Bear's situation is somewhat unusual. While it provides sewer services to The Dens for a monthly fee, it has a financial interest in The Dens and also provides sewer services to itself. Big Bear thus receives benefits from the sewage treatment plant which may offset the revenue shortfall which results from the rates it has been charging The Dens.

As the rates proposed by Big Bear are its initial rates submitted for Commission approval, the Commission has little information on which to base the adequacy of these rates. However, the Commission will grant the amount of revenues requested by Big

¹ Case No. 95-172, An Investigation of Big Bear Resorts, Inc., Alleged Violation of KRS Chapter 278.

Bear, but advises that Big Bear should review its financial position after one year of providing sewer services to The Dens for these rates and take the appropriate action it deems necessary.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. The initial rates proposed by Big Bear and contained in Appendix A, which is attached hereto and incorporated herein, are fair, just, and reasonable.

2. Big Bear's tariff containing its proposed rates, rules, and regulations should be approved.

3. Within 30 days from the date of this Order, Big Bear should file with the Commission tariff sheets setting out the rules, rates, and regulations approved herein with the effective date being the date of this Order.

IT IS THEREFORE ORDERED that:

1. The initial rates proposed by Big Bear and contained in Appendix A are approved for services rendered by Big Bear on and after the date of this Order.


2. Big Bear's tariff containing its proposed rates, rules, and regulations is approved.

3. Within 30 days from the date of this Order, Big Bear shall file with this Commission tariff sheets setting out the


rates, rules and regulations approved herein with the effective date being the date of this Order.

Done at Frankfort, Kentucky, this 31st day of August, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-207 DATED AUGUST 31, 1995.

The following rates and charges are prescribed for the customers in the area served by Big Bear Resorts. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Flat Monthly Rates

A, B, D and E Units	\$21.90
C Units	\$26.20